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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Sudan: SIG-IEP Consideration of Release of AID Funds

FROM:

Acting NIO for Economics

EXTENSION

NO.

NIC 01132-85

DATE

1 March 1985

TO: (Officer designation, room number, and building)

DATE

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC 01132-85
1 March 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM:

Acting National Intelligence Officer for Economics

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SUBJECT: Sudan: SIG-IEP Consideration of Release of AID Funds

1. Following up on the previous memoranda to you on this subject by Fred Wetters, NIO/AF, the SIG-IEP chaired by Treasury Secretary Baker on 28 February reviewed the issue of release of limited AID funds to Sudan in the context of the forthcoming visit to Sudan of Vice President Bush.

2. Mr. McFarlane summarized a paper which he had circulated to the participating agencies arguing that the U.S. should release funds for urgently needed fertilizer and pesticides for this year's crop (\$15 million) and funds for petroleum (\$20 million initially). David Mulford, Assistant Treasury Secretary for International Affairs, argued that the United States should avoid any actions which might undercut negotiations between the IMF and Sudan which could lead to more significant economic reform, particularly in light of the serious repayment arrearages which Sudan has with the IMF.

3. It was concluded that the \$15 million for fertilizer and pesticides should be released as a gesture of humanitarian support for President Nimeiri, and also because of the foreign exchange earning potential of the spring planting. On the other hand it was concluded that the petroleum funds should not now be released, although the possibility of release of those funds in the near future will be kept under review. AID will also seek to advance some food aid so that the Vice President might mention that item. On the whole, it was thought that the Vice President should be attempting to reinforce the need for significant economic policy reforms.

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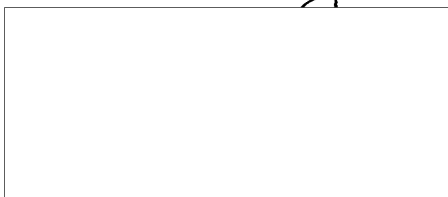
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SUBJECT: Sudan: SIG-IEP Consideration of Release of AID Funds

4. I understand that after the meeting the Vice President indicated to Treasury Secretary Baker that it was necessary for the US to be more forthcoming to Nimeiri and that Baker accepted the point. Thus, the NSC and the Vice President's office will be working on the final package.



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SUBJECT: Sudan: SIG-IEP Considerations of Release of AID Funds

Acting NIO/Econ/DL:

4 March 1985

NIC 01132-85

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